

DEPARTMENT OF MANAGEMENT AND BUDGET

**BANKED LEAVE TIME AND
FURLOUGH HOURS
FOR:
NERES
MSEA
MPES (SEIU)
UTEA (SEIU)**

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Department of Management and Budget

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Human Resources
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INTRODUCTION

The Department of Civil Service has approved rule revisions for non-exclusively represented employees (NEREs) and interim approval of addenda to the MSEA, MPES, and UTEA contract agreements that permit the imposition of banked leave time and furlough hours on employees designated as either NEREs or members of the MSEA, MPES, or UTEA bargaining units. The summaries contained in this document provide an overview of the key elements of the banked leave time and furlough hour programs as they apply to each of these employee groups. Should additional bargaining units (e.g., UAW) agree to contract concessions, this document will be updated.

NERES BANKED LEAVE TIME AND FURLOUGH HOURS

Effective October 12, 2003, the following modifications to the compensation plan for non-exclusively represented employees (NEREs) were approved by the Civil Service Commission:

Banked Leave Time (BLT)

- Full time employees work their normal 80 hour schedule during the pay period; are paid for 76 hours and 4 hours are banked. Less than full time employees will have a pro-rated number of hours banked.
- BLT hours do not affect the annual leave cap.
- No more than 104 hours of banked leave can be accrued during a fiscal year.
- BLT hours must be depleted before recording unpaid Plan A or Plan C hours.
- For timekeeping purposes, employees continue to record their hours as per usual. DCDS will make “behind the scene” adjustments to reduce the hours paid by 4 hours (for full time employees) and bank the remaining 4 hours in the banked leave counter.
- Banked leave hours cannot be used in the same pay period as accrued (similar to annual and sick leave policies). When used, the employee will record the hours in DCDS as BLTU (Banked Leave Time Used).
- Participation in the BLT program has no impact on the calculation of overtime compensation, longevity pay, step increases, leave accruals, holiday pay, or continuous service hours, either when the hours are accrued or when they are used.
- Upon separation, death or retirement, unused BLT hours will be paid into the employee’s 401K account at the final base rate of pay.
- Subject to legislative approval, the BLT program is not intended to have an impact on an employee’s Final Average Compensation for retirement purposes or amount of service credit. Also, subject to legislative approval, the BLT program is not intended to have an impact on the salary used for computing employer contributions to defined contribution accounts.

Updates on the BLT Program can be found at <http://www.michigan.gov/ose>.

Furlough Hours

- December 26, 2003 is a designated paid furlough day. Employees occupying positions determined to be essential by the Employer, and who are required to work on December 26, 2003, will be credited with 8 hours of annual leave.

- January 2, 2004 is a designated unpaid furlough day and employees will also be required to take an additional 32 unpaid furlough hours during fiscal year 2003-2004. Employees who are required to work on that day or who have that day as a regular day off will be required to take a total of 40 unpaid furlough hours during the fiscal year.
- Unpaid furlough time has no impact on the calculation of overtime compensation, longevity pay, step increases, leave accruals, holiday pay, or continuous service hours.
- Employees who are overtime-eligible may take unpaid furlough hours in any increment up to 8 hours per week. Employees who are overtime-ineligible (i.e., exempt employees) must take a minimum of 4 hours up to 8 hours per week; those hours do not need to be taken on the same day within the workweek.
- For employees who are overtime-ineligible, in any week in which such an employee takes unpaid furlough time, the total of unpaid furlough time and other time in pay status cannot exceed 40 hours. If it is necessary to reduce reported hours in pay status to avoid exceeding the limit of 40 hours, the number of unpaid furlough hours must be reduced first.
- Scheduling Requirement For Furlough Days (Overtime-Ineligible):

When scheduling furlough hours for non-exclusively represented employees who are exempt (i.e., not eligible for overtime), the following provisions must be adhered to:

1. Exempt employees must take no less than 4 hours of furlough hours in a work week, and may schedule up to 8 hours of furlough in a work week. Supervisors must insure that these requirements are met when approving the furlough requests submitted by their employees.
2. The total of an exempt employee's hours worked in a week plus the furlough hours taken in the same week must not exceed 40 hours.
3. If the exempt employee is required to work hours that, in conjunction with the furlough hours taken in the week, will result in a total exceeding 40 hours, **the employee must have written approval in advance from management authorizing this schedule.** The DMB-185 form (DMB Request for Approval of Overtime) must be used for purposes of granting prior approval. The exempt employee is deemed overtime eligible in the weeks where furlough hours are taken, and this situation will result in overtime liability for the department. **This is a liability that the department must avoid.**
4. Where possible, supervisors should encourage exempt employees to take furlough hours as part of scheduled annual leave plans. For example, if an employee is planning a week of vacation, 8 hours of furlough could be substituted for a day of annual leave. This approach minimizes the risk of the employee performing work that, in conjunction with furlough hours, could exceed the 40 hour in a week cap cited in #2 above.

- Employees who have not scheduled their required number of furlough hours by May 24, 2004 will have those hours scheduled for them.
- Coding in DCDS is FRLN for unpaid furlough hours and FRLP for paid furlough hours (12/26/03).
- Paid leave hours (e.g., annual leave) cannot be substituted for furlough hours. However, furlough hours can be supplemented with leave credits (e.g., an employee can have 4 unpaid furlough hours and 4 annual leave hours in one workday).
- Even in weeks where an employee uses an unpaid furlough day, BLT hours will still be deducted. Pay will be reduced by the number of BLT hours plus the number of unpaid furlough hours.

Updates on paid and unpaid furlough time can be found at <http://www.michigan.gov.ose>

OTHER PROVISIONS

Prescription Drug Program

- This modification applies only to non-exclusively represented employees who are enrolled in the State Health Plan PPO.
- Effective January 1, 2004, a \$30.00 co-pay will be assessed for Non-Preferred brand drugs. The listing of Preferred drugs can be found at www.michigan.gov/documents/ESI2003NationalPreferredAlphaFormularyList_75711_7.pdf.

MSEA BANKED LEAVE TIME AND FURLOUGH HOURS

The Agreement reached with MSEA has the following provisions:

Banked Leave Time (BLT)

- Full time employees work their normal 80 hour schedule during the pay period; are paid for 76 hours and 4 hours are banked. Less than full time employees will have a pro-rated number of hours banked.
- BLT hours do not affect the annual leave cap.
- No more than 104 hours of banked leave can be accrued during a fiscal year.
- BLT hours must be depleted before recording unpaid Plan A or Plan C hours.
- Banked leave hours cannot be used in the same pay period as accrued (similar to annual and sick leave policies). When used, the employee will record the hours in DCDS as BLTU (Banked Leave Time Used).
- For purposes of computing continuous service hours, the BLT hours will be treated as if the employee had been paid for the hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the program.
- Retirement service credits, overtime compensation, longevity compensation, step increases, holiday pay, and annual and sick leave accruals will continue as if the employee had received pay for the BLT hours.
- Upon separation, death or retirement from state service, unused BLT hours shall be contributed to the employee's 401K account at the employee's base hourly rate in effect at the time of the contribution.
- Subject to Legislative approval, the Program is not intended to have an affect on the Final Average Compensation calculations under the State's Defined Benefit Plan not the salary used for employer contribution calculations under the State's Defined Contribution Plan.

Furlough Hours

- December 26, 2003 is a designated paid furlough day. Employees occupying positions determined to be essential by the Employer, and who are required to work on December 26, 2003, will be credited with 8 hours of annual leave.
- Employees who are not scheduled to work on December 26, 2003 as a result of their regular day off, and do not work on that day, shall have 8 hours of leave added to their annual leave counter.
- January 2, 2004 is a designated unpaid furlough day and employees will also be required to take an additional 32 unpaid furlough hours during fiscal year 2004. Employees who are required to work on that day or who have that day as a regular day off shall be scheduled for 8 additional unpaid furlough hours during FY 2004.

- If the requisite number of furlough hours is not scheduled by May 22, 2004, the supervisor is to schedule the employee for the required number of unpaid furlough hours.
- Not more than 8 hours of mutually scheduled unpaid furlough hours may be scheduled in a week defined as Sunday through Saturday.
- Unpaid furlough hours may be taken in tenths of hours.
- Annual, sick, school, and BLT or any other type of paid time cannot be used in lieu of an unpaid furlough hour.
- An employee who is called in to work on an overtime basis on a scheduled unpaid furlough day for 8 hours or more will be rescheduled for 8 unpaid furlough hours.
- An employee may be called back under Article 14 Section H on a scheduled unpaid furlough day. Those hours of unpaid furlough affected by callback will not be rescheduled.
- Notice of the designation of positions as essential must be sent to the Director of OSE no later than December 5, 2003. Notice must identify the position, the incumbent, the number of furlough hours the position is deemed to be essential, and the specific reasons for the designation as essential.

OTHER PROVISIONS

No Layoff Guarantee

- No layoff guarantee: Employer agrees that there will be no layoffs during FY 2004. If it becomes necessary to conduct indefinite or temporary layoffs during FY 2004, the employer shall inform MSEA not less than 30 calendar days in advance of the layoffs. BLT and the Mandatory Furlough Program will be suspended FOR ALL EMPLOYEES IN THE BARGAINING UNITS (LABOR AND TRADES and SAFETY AND REGULATORY) for the remainder of the fiscal year.

Transfer Provisions

- The transfer provisions have been amended to provide that transfer shall be from among the 3 most senior applicants. If there are less than 3 names on the transfer list, the employer shall select from among the remaining names on the list. If no names are on the transfer list, the employer may consider other forms of appointment.

State Health Plan PPO Prescription Drug Program

- Effective January 1, 2004 the retail and mail order prescription drug plan will add a new \$30 co-pay for non-preferred brand name drugs.

SEIU LOCAL 517M (SCIENTIFIC AND ENGINEERING UNIT) BANKED LEAVE TIME AND FURLOUGH HOURS

The Agreement reached with SEIU Local 517M (Scientific and Engineering Unit) has the following provisions:

Banked Leave Time (BLT)

- Effective date of October 26, 2003.
- Full time employees work their normal 80 hour schedule during the pay period; are paid for 76 hours and 4 hours are banked. Less than full time employees will have a pro-rated number of hours banked.
- BLT hours do not affect the annual leave cap.
- No more than 100 hours of banked leave can be accrued during a fiscal year.
- BLT hours must be depleted before recording unpaid Plan A or Plan C hours.
- Banked leave hours cannot be used in the same pay period as accrued (similar to annual and sick leave policies). When used, the employee will record the hours in DCDS as BLTU (Banked Leave Time Used).
- Prior to the end of the first full pay period in April 2004, an employee must exhaust all BLT hours before incurring mandatory unpaid furlough hours from the Scientific and Engineering pool.
- For purposes of computing continuous service hours, the BLT hours will be treated as if the employee had been paid for the hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the program.
- Retirement service credits, overtime compensation, longevity compensation, step increases, holiday pay, and annual and sick leave accruals will continue as if the employee had received pay for the BLT hours.
- Upon separation, death or retirement from state service, unused BLT hours shall be contributed to the employee's 401K account and, if applicable, to the State of Michigan 457 plan at the employee's base hourly rate in effect at the time of the contribution.
- Subject to Legislative approval, the Program is not intended to have an affect on the Final Average Compensation calculations under the State's Defined Benefit Plan not the salary used for employer contribution calculations under the State's Defined Contribution Plan.

Furlough Hours

- December 26, 2003 is a designated paid furlough day. Employees occupying positions determined to be essential by the Employer, and who are required to work on December 26, 2003, will be credited with 8 hours of annual leave.

- Employees who are not scheduled to work on December 26, 2003 as a result of their regular day off, and do not work on that day, shall have 8 hours of leave added to their annual leave counter.
- January 2, 2004 and February 13, 2004 are designated unpaid furlough days. Employees who are required to work on January 2, 2004 or February 13, 2004 shall be scheduled for 8 additional unpaid furlough hours for each such day during FY 2004, in accordance with the agreement regarding unpaid floating furlough hours.
- In addition to the three dates noted above, a pool of mandatory unpaid furlough hours shall be established for the Scientific and Engineering bargaining unit in the amount of twenty hours times the number of employees in the unit. Between the effective date of the agreement and April 3, 2004, employees may schedule mandatory unpaid furlough hours in a manner similar to annual leave.
- During the first full pay period of April 2004, the employer will establish the number of hours in the pool in the amount of twenty hours times the number of employees in the Scientific and Engineering bargaining unit. The total number of mandatory unpaid furlough hours taken to date by employees in the unit will be subtracted from the pool of mandatory unpaid furlough hours established for the unit.
- If the requisite number of unpaid furlough hours has not been taken by the end of the first full pay period in April 2004, the remaining unpaid furlough hours shall be apportioned equally among the unit members. Prior to May 1, 2004, such hours shall be scheduled by mutual agreement in a manner similar to annual leave. If the requisite number of unpaid furlough hours has not been scheduled by May 1, 2004, the employer shall schedule the employee for the remaining hours. Employees shall receive notice of employer scheduled unpaid furlough hours at least fourteen calendar days prior to the beginning of the pay period in which they are to be furloughed.
- Not more than 8 hours of mutually scheduled unpaid furlough hours may be scheduled in a week defined as Sunday through Saturday.
- Exempt employee must schedule unpaid furlough hours in blocks of no fewer than 4 hours in a work week and no more than 8 hours in a work week.
- In any work week in which unpaid furlough hours are incurred by an exempt employee, the unpaid furlough hours and the hours in pay status may not exceed 40 without prior written authorization from the exempt employee's supervisor.

OTHER PROVISIONS

No Layoff Guarantee

- No layoff guarantee: Employer agrees that no Scientific and Engineering bargaining unit employee will be indefinitely or temporarily laid off and that full-time employees will not have their hours unilaterally reduced during fiscal year 2004. If it becomes necessary to conduct indefinite or temporary layoffs during FY 2004, the employer shall inform SEIU Local 517M not less than 30 calendar days in advance of the layoffs. BLT and the Mandatory Furlough Program will be suspended FOR ALL EMPLOYEES IN THIS BARGAINING UNIT for the remainder of the fiscal year.

Limited Term Appointments

- When an employee has been in the same limited term appointment for 4,160 continuous service hours, the employee shall be made permanent, unless the employee is working in a project which has an established ending date.

Hours of Work and Overtime

- Wherever the department's objective of teamwork will not be unreasonably disrupted by a one-half hour lunch period, if requested by a Scientific and Engineering unit employee, a one-half lunch period shall be scheduled.

SEIU LOCAL 517M (TECHNICAL UNIT) BANKED LEAVE TIME AND FURLOUGH HOURS

The Agreement reached with SEIU Local 517M (Technical Unit) has the following provisions:

Banked Leave Time (BLT)

- Effective date of October 26, 2003.
- Full time employees work their normal 80 hour schedule during the pay period; are paid for 76 hours and 4 hours are banked. Less than full time employees will have a pro-rated number of hours banked.
- BLT hours do not affect the annual leave cap.
- No more than 100 hours of banked leave can be accrued during a fiscal year.
- BLT hours must be depleted before recording unpaid Plan A or Plan C hours.
- Banked leave hours cannot be used in the same pay period as accrued (similar to annual and sick leave policies). When used, the employee will record the hours in DCDS as BLTU (Banked Leave Time Used).
- For purposes of computing continuous service hours, the BLT hours will be treated as if the employee had been paid for the hours. Premiums, coverage and benefit levels for insurance programs (including LTD) in which the employee is enrolled will not be changed as a result of participation in the program.
- Retirement service credits, overtime compensation, longevity compensation, step increases, holiday pay, and annual and sick leave accruals will continue as if the employee had received pay for the BLT hours.
- Upon separation, death or retirement from state service, unused BLT hours shall be contributed to the employee's 401K account and, if applicable, to the State of Michigan 457 plan at the employee's base hourly rate in effect at the time of the contribution.
- Subject to Legislative approval, the Program is not intended to have an affect on the Final Average Compensation calculations under the State's Defined Benefit Plan not the salary used for employer contribution calculations under the State's Defined Contribution Plan.

Furlough Hours

- December 26, 2003 is a designated paid furlough day. Employees occupying positions determined to be essential by the Employer, and who are required to work on December 26, 2003, will be credited with 8 hours of annual leave.
- Employees who are not scheduled to work on December 26, 2003 as a result of their regular day off, and do not work on that day, shall have 8 hours of leave added to their annual leave counter.

- January 2, 2004 and February 13, 2004 are a designated unpaid furlough days.
- Employees who are required to work on January 2, 2004 or February 13, 2004 shall be scheduled for 8 additional unpaid furlough hours for each such day during FY 2004, in accordance with the agreement regarding unpaid floating furlough hours.
- In addition to the three dates noted above, all employees shall be scheduled for and incur twenty unpaid furlough hours during fiscal year 2004.
- In the event that the requisite number of unpaid furlough hours has not been scheduled by February 1, 2004, the employer shall schedule the employee for the remaining hours. Employees shall receive notice of employer scheduled unpaid furlough hours at least fourteen calendar days prior to the beginning of the pay period in which they are to be furloughed.
- Not more than 8 hours of mutually scheduled unpaid furlough hours may be scheduled in a week defined as Sunday through Saturday.

OTHER PROVISIONS

No Layoff Guarantee

- No layoff guarantee: Employer agrees that no Technical bargaining unit employee will be indefinitely or temporarily laid off and that full-time employees will not have their hours unilaterally reduced during fiscal year 2004. If it becomes necessary to conduct indefinite or temporary layoffs during FY 2004, the employer shall inform SEIU Local 517M not less than 30 calendar days in advance of the layoffs. BLT and the Mandatory Furlough Program will be suspended FOR ALL EMPLOYEES IN THIS BARGAINING UNIT for the remainder of the fiscal year.

Limited Term Appointments

- When an employee has been in the same limited term appointment for 4,160 continuous service hours, the employee shall be made permanent, unless the employee is working in a project which has an established ending date.

Hours of Work and Overtime

- Wherever the department's objective of teamwork will not be unreasonably disrupted by a one-half hour lunch period, if requested by a Technical unit employee, a one-half lunch period shall be scheduled.

Assignment and Transfer

- Employees may voluntarily demote to a lower level within their current class series by placing their name on the transfer list, in accordance with Article 16, for any work location to which they are willing to accept a voluntary demotion.
- Article 16, Section 5, is amended to reflect that the employer is not required to transfer any employee from a transfer list who has received a disciplinary

suspension within one year preceding the date of the transfer request or during the period between the application date and the date the employee is considered for transfer.